

PATENTS

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In application of:)
Raymond Rudolph Spivey)
Serial No.: 10/777,614) Art Unit: 3653
Filed: February 12, 2004) Examiner: Noland, Kenneth W.
For: CARTON WITH AN IMPROVED)
DISPENSING FEATURE) Docket No.: R029 1064.4

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Petition to Expunge Information Unintentionally Submitted
in an Application under 37 C.F.R. 1.59(b)
Appendix - Riverwood's Supplemental Pre-Hearing Brief in Support of
Plaintiff's Motion for Preliminary Injunction
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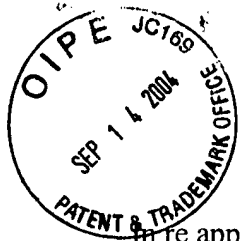
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of:

Raymond Rudolph Spivey

Serial No.: 10/777,614

Filed: February 12, 2004

For: CARTON WITH AN IMPROVED
DISPENSING FEATURE

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Docket No.: R029 1064.4

**PETITION TO EXPUNGE INFORMATION UNINTENTIONALLY SUBMITTED
IN AN APPLICATION UNDER 37 C.F.R. 1.59(b)**

Mail Stop Office of Petitions
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Dear Sir:

Petitioner hereby submits this Petition to Expunge Information Unintentionally Submitted In An Application, pursuant to 37 C.F.R. 1.59(b). Petitioner requests that a non-redacted Brief, entitled "Riverwood's Supplemental Pre-Hearing Brief in Support of Plaintiff's Motion for Preliminary Injunction" as filed in an Information Disclosure Statement (IDS) by the Applicant on May 26, 2004, be expunged from the file history record, and that this non-redacted Brief be replaced with a redacted version of the same Brief. The non-redacted version of the Brief was unintentionally submitted during prosecution of the present Application rather than the redacted version, which is attached in the Appendix hereto.

Petitioner hereby states that the Office can affect such return of the information prior to the issuance of any patent on the Application in issue.

Petitioner acknowledges the requirement to retain such information for the period of any patent with regard to which such information is submitted.

Certain information contained in the Brief submitted along with the IDS should have been redacted prior to submission of the IDS. That information has been removed from the redacted version, is not material information under 37 C.F.R. 1.56, and does not affect the patentability of the application to which the document was submitted. This information in the non-redacted Brief is subject to a Protective Order as issued by the U.S. District Court, Northern District of Georgia, Atlanta Division. The replacement of the non-redacted version of the Brief with the redacted version will be in furtherance of the Protective Order.

The Petitioner also has submitted a Petition to Expunge in reference to the prosecution history of U.S. Patent Application No. 10/425,846, which is the “parent” of the instant Application. The non-redacted Brief also was submitted in an IDS in the ‘846 Application. The ‘846 Application issued as U.S. Patent No. 6,715,639 on April 6, 2004. The disclosure in the prosecution history of the ‘639 Patent is the only public disclosure of the non-redacted material from the Brief to Applicant’s knowledge. Removal of the non-redacted material from the prosecution file history is believed by Applicant to expunge this information from the public domain.

Accordingly, under 37 C.F.R. 1.59(b), the Petitioner requests: (i) expungement of the non-redacted Brief entitled “Riverwood’s Supplemental Pre-Hearing Brief in Support of Plaintiff’s Motion for Preliminary Injunction,” filed in an IDS by the Applicant on May 26, 2004, and (ii) replacement of the non-redacted Brief with the redacted version of the same Brief.

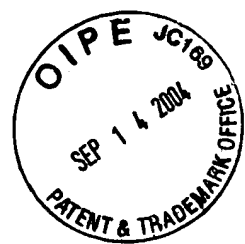
The Commissioner is hereby authorized to charge any fees for this petition to deposit
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Respectfully submitted,

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APPENDIX TO

PETITION TO EXPUNGE INFORMATION UNINTENTIONALLY
SUBMITTED IN AN APPLICATION UNDER 37 C.F.R. 1.59(b)



IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

RIVERWOOD INTERNATIONAL CORPORATION,)
)
Plaintiff,)
)
vs.) Civil Action
) No. 1:03-CV-1672 (TWT)
)
MEADWESTVACO CORPORATION,)
)
Defendant.) *Filed Under Seal –*
) *Contains Confidential Materials*
)
and)
)
COCA-COLA ENTERPRISES INC.,)
)
Intervenor.)

=====

**RIVERWOOD'S SUPPLEMENTAL
PRE-HEARING BRIEF IN SUPPORT OF
PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION**

=====

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STATUTES:

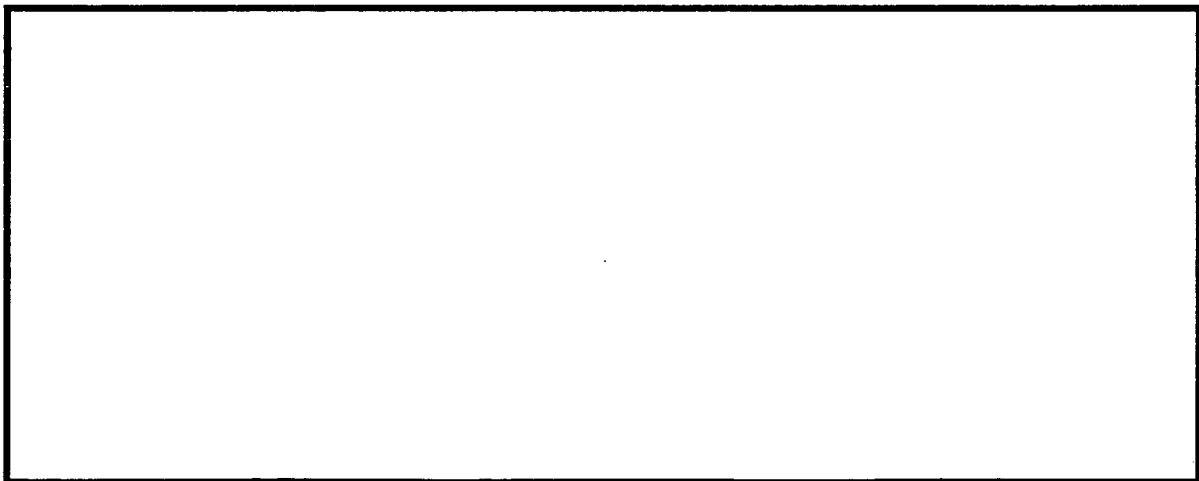
35 U.S.C. § 271 (a)	30
35 U.S.C. §271 (c)	38, 39

Plaintiff Riverwood International Corporation ("Riverwood") submits this its pre-hearing bench brief in support of its Motion For Preliminary Injunction.

I. INTRODUCTION.

This is a case about a paperboard, multi-pack carton for beverage containers known as the "Fridge PackTM" carton. Cartons with dispensing features to dispense individual items stored therein have been known for years. More particularly, dispensing cartons for beverage cans have been known for years. Notwithstanding the foregoing, this case is about a particular dispensing carton that is a true invention, novel over the prior art in the field of carton design, and that has achieved industry accolades and remarkable commercial success in its first two years on the market.

In the short discovery period since the July 22 scheduling hearing, Riverwood has discovered that its main competitor,



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REDACTED

II. CHRONOLOGICAL OVERVIEW OF THE FACTS TO BE PRESENTED AT
THE EVIDENTIARY HEARING ESTABLISHING INVENTION BY
RIVERWOOD AND INFRINGEMENT BY MEAD AND CCE.

A. IN 1998, THERE WAS A LONG-FELT, UNMET NEED FOR A NEW
BEVERAGE CARTON THAT COULD ACCELERATE THE RATE OF
CONSUMPTION OF BEVERAGES SOLD IN ALUMINUM CANS.

1. Riverwood Participated In The Alcoa Project As The
Representative Of The Paperboard Packaging Industry.

During 1998, the Alcoa company organized a consortium of major participants in the beverage industry to explore ways to overcome a growing threat to the aluminum can industry. Alcoa sought to increase the consumption of beverages and, in so doing, increase the consumption of aluminum beverage cans and sheet aluminum. The consortium's kickoff meeting was a brainstorming session held at Lake Lanier Islands, Georgia, on July 8, 1998, and was attended by Alcoa, Riverwood, The Woodbine Agency, Ball Corporation, Unigard and GVO, Inc. Riverwood was the only paperboard packaging company invited to participate in the project. [Benatar].

During the meeting, Alcoa presented an ethnographic research report indicating that consumers who purchased beverage cans in multi-pack containers typically only transferred a small portion of the beverage cans from the multi-pack container to their refrigerators at any one time. The multi-pack carton itself and the remainder of cans stored therein were kept at room temperature in a pantry. The brainstorming session explored ways to accelerate the transfer of cans from the grocery store to the consumer's refrigerator. The theory was that if pre-chilled beverages were more readily available (as opposed to being warm in the pantry) they would be consumed at a faster pace. [Benatar].

A follow-up meeting of the Alcoa project participants was held on August 26, 1998, focusing the participants on the more promising concepts introduced at the first meeting. As the project extended into 1999, Riverwood developed a number of new paperboard packages that were presented to its largest beverage customers, such as Coca-Cola, Pepsi, Dr Pepper/7-Up, Miller, and Anheuser-Busch. Among these new packages were at least two 12-pack multi-pack cartons where the cans were arranged in a 2x6 matrix. One package, named the "door store," had a zipper type opening along the entire top panel of the carton, allowing the consumer to reach into the carton from the top with immediate

access to every can in the carton. Another carton, then referred to as the "Fridge Vendor," was a 2x6 carton with a hinged-flap dispenser opening on the bottom/front of the carton. These cartons were presented to Coca-Cola on or about April of 1999. [Benatar]. At that time, Coca-Cola expressed no interest in pursuing either carton.

Riverwood's lead person on the Alcoa project, Elizabeth Searcy, left the company in early 2000, and the project languished within Riverwood for several months. No customer expressed an interest in commercializing a 2x dispensing carton except for Coca-Cola's Australian affiliate, Coke Amatil. [Benatar]. Eventually, Coke Amatil developed and commercialized a 2x5 beverage carton with a front/bottom dispenser that was referred to as the "Fridge Mate." The Fridge Mate dispenser never achieved substantial commercial success. Its deficiencies are noted in a letter from Coca-Cola's in-house patent counsel to Riverwood summarizing the results of Coca-Cola's market research on the Fridge Mate. In his letter, the Coca-Cola attorney stated that the Fridge Mate carton:

. . . had several shortcomings, including that it was difficult to open and had no way of preventing cans from rolling out.

[PX 131]. Riverwood does not dispute the foregoing statement. The Fridge Mate dispenser was never introduced in the U.S. market.

REDACTED

C. RIVERWOOD WAS THE FIRST TO INVENT THE FRIDGE PACK CARTON AND PRESENT IT TO COCA-COLA.

1. The Patented Carton Dispenser Was Invented and Presented to Coca-Cola In June of 2000.

In early June of 2000, Riverwood hired Enrico Francis to fill the vacancy created by Elizabeth Searcy's departure. Mr. Francis discussed with Coca-Cola the carton concepts developed and presented during Elizabeth Searcy's tenure and observed Coca-Cola's lack of interest in those cartons. [Francis]. Thereafter, Francis approached Riverwood carton designer,

Raymond Spivey, and requested him to design one or more cartons for presentation to Coca-Cola. [Francis].

In response to Francis' request, Spivey created a carton where the beverage cans would lay on their side in a 2x configuration. The carton also featured a beverage dispenser situated in the top corner of each end of the carton.

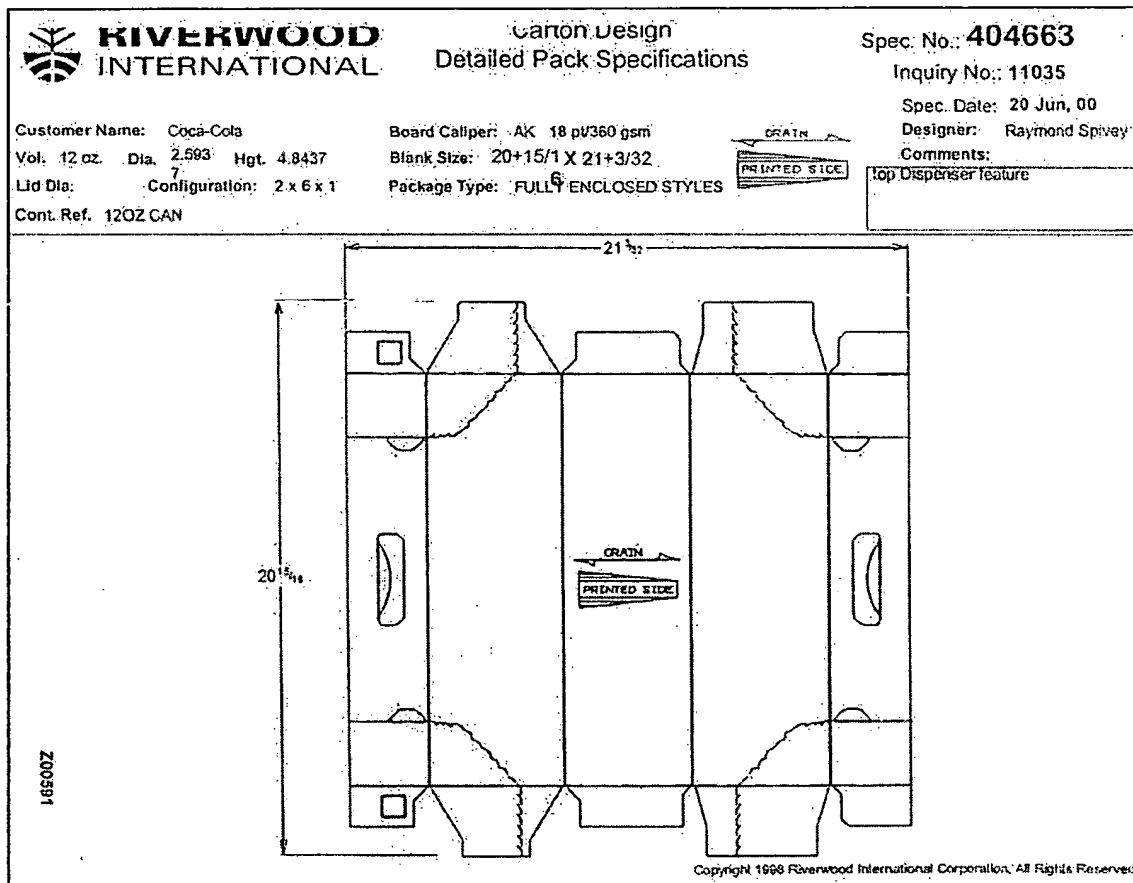


Figure 1 - An early CAD/CAM drawing by Raymond Spivey depicting his invention. [PX 233].

Spivey initially created the carton so that the dispenser corner was entirely removed from the carton, but noted the

tendency, with this design, for the first can to suddenly exit the carton upon opening the dispensing feature. Realizing that such an event could surprise a consumer unfamiliar with the dispensing feature (particularly if the can's unannounced departure from the carton resulted in a rapid vertical descent followed by sudden deceleration as it impacted the consumer's foot), Spivey designed the dispenser corner so that it would open from the top using a pull-down motion and would hinge across the front wall of the carton. This design formed a basket for catching the first can (and, if necessary, subsequent cans) as it exited the carton. [Spivey].

In contrast to the previous 2x carton designs that Riverwood had earlier presented to Coca-Cola, this time Coca-Cola expressed interest in the new Spivey carton.

2. The Spivey Invention Is Presented At A Focus Group Study In August of 2000.

On August 7 and 8, 2000, Coca-Cola and Riverwood jointly sponsored a consumer focus group study exploring new beverage carton concepts. The focus group study was conducted by Innovation Management, Inc., while Riverwood and Coca-Cola personnel observed consumer reactions behind one-way mirrors. One focus group was conducted in Dallas, Texas, and a second study was conducted in Philadelphia, Pennsylvania. Riverwood's

inventor, Raymond Spivey, attended the Philadelphia study.

[Spivey].

Four cartons were presented to the focus groups. All of the cartons were 12-packs in a 2x6 matrix configuration. Thus, all four cartons were identical in length, width, and height. Four dispenser variations were presented to the focus groups. The dispensers were located in the bottom/front, top/front, entire top (zipper opening) and side of the carton, respectively. [Spivey].

Results of the focus group study were presented to Coca-Cola and Riverwood at a meeting on August 30, 2000, at Coca-Cola's headquarters. [Francis]. A PowerPoint presentation from that meeting shows photographs of the four cartons presented at the focus group study. [PX 52]. At the meeting, Coca-Cola representative Bob Falkenberg announced that the Spivey top/front dispenser was selected as the design to pursue for possible commercial development.

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**2. Riverwood And Coca-Cola Held Pre-Production Meetings
At Coca-Cola's Headquarters On November 13 And 17,
2000.**

During September through November of 2000, Riverwood and Coca-Cola were deeply involved in preparations for the commercial launch of the Fridge Pack carton. Riverwood developed plans to set up its production facilities to produce the new carton. Capital costs for new tooling dies were

incurred. Carton specifications, such as the optimum caliber of paperboard, were developed. Production cost and pricing analysis were completed. Material handling, palletizing, and shipping studies were completed.

A pre-production meeting between Riverwood and Coca-Cola personnel took place on November 13, 2000, at Coca-Cola's headquarters. Attendees included Karen Smith, Bob Falkenberg, John Fant and Larry Wilhite of Coca-Cola, and Rico Francis, Tod Hoyme and Lee Miller of Riverwood. Also in attendance was CCE's Landis Frey. Two days later, Landis Frey divulged to Mead that Coca-Cola had conducted an extensive meeting on Riverwood's carton development on November 13. [PX44].

Coca-Cola and Riverwood held a much larger pre-production meeting the following Friday, November 17, 2000. Among the subjects raised at the meeting was the prospect that Coca-Cola might seek the exclusive rights to this new package from

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E. THE COMMERCIAL LAUNCH OF THE FRIDGE PACK CARTON WAS AN UNQUALIFIED COMMERCIAL SUCCESS.

Riverwood and Coca-Cola proceeded with the commercial launch of the Fridge Pack during the spring of 2001. The Coca-Cola Bottling Company Consolidated ("Consolidated") was the first independent Coca-Cola bottler to risk the capital investment required for the launch. Consolidated launched the Fridge Pack in May of 2001 under Coca-Cola's "Mello Yello" brand in its regional territory surrounding Charlotte, North Carolina. Consolidated immediately saw an increase in sales attributable to the new carton and, accordingly, decided to expand the Fridge Pack across Coca-Cola's entire product line of carbonated soft

drinks. Consolidated has since also expanded use of the Fridge Pack to Coca-Cola's *Dasani*® brand bottled water sold in PET plastic bottles. The Consolidated launch used Riverwood cartons. Consolidated filled the cartons at its bottling plant using Riverwood packaging machines.

During the period May of 2001, through September of 2002, Riverwood succeeded in selling the Fridge Pack carton to almost the entire independent Coca-Cola bottling company system. [Hoyme]. Sales to Consolidated in 2002 amounted over 100 million units and over \$16 million in revenue. Western Sales, a cooperative of smaller Coca-Cola bottling companies, purchased over 35 million cartons during 2002 at a cost of over \$5 million. CCE began purchasing Fridge Pack cartons in quantity toward the end of 2002. Sales to CCE in 2002 were more than 4.5 million cartons and over \$600 thousand in sales. The pace of sales to Consolidated and the bottlers comprising the Western Sales cooperative has increased during 2003.

In May of 2002, CCE, the largest Coca-Cola bottler controlling approximately 77 percent of Coca-Cola's bottling capacity in the United States publicly announced that it had adopted the Fridge Pack as its only 12-pack carton and announced a major initiative to convert all of its bottling plants to use the new carton. In short, within approximately one year of its

initial product launch, the Fridge Pack carton was embraced by the entire Coca-Cola bottling system, a market that consumes more than 1 billion 12-pack carton units per year.

F. PRIOR TO MEAD'S ENTRY INTO THE MARKET WITH AN INFRINGING CARTON, RIVERWOOD HAD ESTABLISHED A MARKET PRICE FOR THE FRIDGE PACK CARTON THAT REWARDED RIVERWOOD FOR ITS INNOVATION.

The Fridge Pack carton costs more to make than the 3x4 12-pack carton that it replaced. Among other things, it uses more paperboard, more ink, and more glue than the 3x4 carton. By 2001, the 3x4 12-pack was a commodity product. The standard price for the 3x4 carton throughout the soft drink beverage industry hovered in the range of \$120 - \$135 per thousand cartons. In setting pricing for the Fridge Pack, Riverwood sought an "up-charge," an upward deviation from the standard 3x4 12-pack price. Riverwood's up-charge was comprised of essentially two components: (1) to recover the increased costs of making the carton; and (2) a modest incremental profit margin as a reward for Riverwood's innovation in the marketplace.

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- I. CCE AWARDED MEAD A LONG-TERM, 100 PERCENT SUPPLY CONTRACT DESPITE ACTUAL KNOWLEDGE OF RIVERWOOD'S PUBLISHED PATENT APPLICATION.
 1. Riverwood's Steve McLary Faxed A Copy of the Published Patent Application to Larry Wilhite on August 28, 2002.

Mead's patent application on the Fridge Pack carton was published on June 13, 2002. Riverwood's patent application was published on July 11, 2002. Surprised to learn that Mead had filed for patent protection on Riverwood's invention, Riverwood personnel confronted a number of Coca-Cola personnel to confirm that Riverwood, not Mead, was the first to present the Fridge

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Confident that it would obtain patent protection on the Fridge Pack carton, Riverwood injected its patent rights into the supply agreement negotiations with CCE, a tactic that was

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2. Riverwood Offered a License to Mead.

At or before the meeting with Coca-Cola representatives on August 29, 2002, Riverwood notified Coca-Cola that Riverwood would be willing to grant Mead a royalty free license to supply Fridge Pack cartons to CCE provided that Riverwood received an increased share of CCE's business.

On or about September 11, 2002, Riverwood's Steve McLary received a call from Larry Wilhite of Coca-Cola, stating that Tom Boshinski, in-house intellectual property counsel for Mead, wished to discuss Riverwood's licensing proposal. Subsequently, McLary contacted Boshinski and discussed a possible licensing arrangement. McLary informed Boshinski that Coca-Cola personnel had confirmed that Riverwood invented the Fridge Pack carton first and that, therefore, Riverwood would likely prevail in any

inventorship dispute with Mead. Boshinski told McLary that Mead would consider Riverwood's licensing proposal. [McLary].

McLary and Boshinski met face-to-face on September 23, 2002, for further discussions on a licensing arrangement. McLary again expressed confidence that Riverwood's date of invention preceded Mead's and stated that such fact could be corroborated by the focus group study conducted in August of

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III. RIVERWOOD IS LIKELY TO SUCCEED ON THE MERITS IN
ESTABLISHING INFRINGEMENT OF THE '736 PATENT BY
MEAD AND CCE

The governing statute on patent infringement states that:

(a) Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.

35 U.S.C. § 271(a). Mead's Fridge Master carton infringes the '736 patent.

1. Construction of Claim Terms.

An infringement analysis entails two steps. The first step is determining the meaning and scope of the patent claims asserted to be infringed. The second step is comparing the properly construed claims to the accused device. *Purdue Pharma LP v. Boehringer Ingelheim GMBH*, 237 F.3d 1359, 1363, 57 U.S.P.Q.2d 1647 (Fed.Cir. 2001), citing *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 976, 34 U.S.P.Q.2d 1321 (Fed.Cir. 1995) (*en banc*). This first step, claim construction, is a question of law. *Cybor v. FAS Techs., Inc.*, 138 F.3d 1448, 1456, 46 U.S.P.Q.2d 1169 (Fed.Cir. 1998) (*en banc*). Once the claims are construed as a matter of law, the determination of infringement of the construed claims by the accused product/device is a question of fact. *Insituform Techs., Inc. v. Cat Contracting, Inc.*, 161 F.3d 688, 692, 48 U.S.P.Q.2d 1610 (Fed.Cir. 1998).

Riverwood has, contemporaneously herewith, submitted a proposed Markman construction of its key claim terms. Riverwood

does not believe that there are substantial differences between the parties with respect to claim construction. One possible exception, however, may involve the term "containers" at column 8, line 42, in claim 16 of the '736 patent.

In its earlier brief, Mead raised an "enablement" argument, asserting that claim 16 was invalid because the specification of the '736 patent did not adequately teach someone of ordinary skill in the art how the dispenser or "basket" or "bucket" could hold more than one container at a time and that, therefore, use of the plural form of the term "containers" rendered claim 16 invalid.

The Court should reject any such construction proposed by Mead. The preamble of claim 16 clearly states that the carton has an "exiting end" capable of permitting containers to exit the carton "one at a time." ['736 patent, col. 8, lines 16-18]. Federal Circuit case law maintains that "when claims are amenable to more than one construction, they should when reasonably possible be interpreted to preserve their validity" *Modine Mfg. Co. v. U.S. Int'l Trade Comm'n*, 75 F.3d 1545, 1557, 37 U.S.P.Q.2d 1609, 1617 (Fed.Cir. 1996); *see also Athletic Alternatives, Inc. v. Prince Mfg., Inc.*, 73 F.3d 1573, 1581, 37 U.S.P.Q.2d 1365, 1372 (Fed.Cir. 1996) (court chose the narrower of two equally plausible claim

constructions in order to avoid invalidating the claim). In this case, the proper construction of containerss (plural) is that the dispensing feature is capable of dispensing more than one can, however, it does so in sequence, one at a time.

2. Mead Infringes Claim 16 of the '736 Patent.

Mead does not dispute that its accused carton meets all of the limitations of claim 16 with respect to the presence and location of the various panels, flaps, fold lines, ends, exiting end, and tear line. Mead's primary contention with respect to non-infringement rests on whether the removable dispenser section of its accused carton meets the following limitation in Claim 16:

the dispenser remaining attached to the carton by the tear line through each side end flap, said dispenser forming a basket for catching containers exiting the carton.

[PX 1, '736 Patent, Claim 16, col 8, lines 40-43]. Mead contends that it does not infringe because: (1) customers rip the dispenser entirely off of the package such that it does not "remain attached" within the meaning of the claim; (2) Mead does not actually operate the opening feature that it designs into its carton; and (3) Mead does not infringe because it does not glue the ends of the carton shut before selling and shipping the

cartons to the bottler. None of Mead's theories can withstand scrutiny.⁴

a. Mead's Carton is Capable of Infringing Use.

The Court should reject Mead's argument that it escapes infringement liability because some customers may operate the dispenser feature by totally removing it before it has the chance to catch the first can. The law is well settled that an accused device may be found to infringe if it is reasonably capable of satisfying the claim limitations, even though it may also be capable of non-infringing use. *See Intel Corp. v. United States Int'l Trade Comm'n*, 946 F.2d 821, 832, 20 U.S.P.Q.2d 1161 (Fed.Cir. 1991). There is no question that Mead's carton is capable of satisfying claim 16 of the '736 Patent. Such an infringing use was precisely how Mead originally intended the carton to be operated. In his initial, internal invention record, the designer of Mead's infringing carton, Aaron Bates, described the Mead carton by stating.

This dispensing feature is also hinged [sp] at the bottom, allowing for a "bucket" like device that can hold the product in a presenting manner.

⁴ At this juncture, Riverwood is uncertain whether Mead has abandoned some of its non-infringement contentions since the initial briefing in July. During deposition, Riverwood understood Mead's carton expert to concede that the Mead accused carton infringed Claim 16.

[PX33, p.1]. Such infringing use is similarly taught in the specification of Bates' patent application.

the displaceable portion of the carton is hingedly attached to the carton so as to provide a trough for receiving an article that exits the carton.

[PX29, ¶ 0007]. Moreover, many of the press release photos that Mead has published of its Fridge Master carton show the dispenser still attached to the carton at the tear line/hinge point on the front or "exiting" end of the carton. Thus, Mead's own publicly distributed photographs of its carton instruct and induce consumers to use the Mead carton in an infringing manner.



Figure 4 - This figure shows an excerpt from an article that was published in the November 17, 2001, issue of Official Board Markets. The article also appears at the publisher's web-site: www.packaging-online.com. The package in the rear of the photo shows the dispenser still attached to the carton along a hinge line on the end of the carton.

However, even if some consumers "rip" the dispensing feature entirely off of the carton before it has a chance to catch the first can, that would not save Mead from a judgment of patent liability. In the case of *Stearns-Roger Mfg. Co. v. Ruth*, 87 F.2d 35, 32 U.S.P.Q. 227 (10th Cir. 1936), the accused infringer brought a post-judgment motion to introduce evidence that its device, while being capable of infringement, was nevertheless operated in a non-infringing manner. The Court denied the motion stating:

It may be added that the machines were infringing machines or not when they were sold. We held they were. If they were designed so that they could be operated normally in an infringing way, *it would seem to be immaterial that some customers did not choose at times to operate them in that manner.*

Id. at 38 (emphasis added).

b. Mead cannot avoid infringement by instructing consumers to use the carton in a non-infringing manner

Mead cannot escape liability for patent infringement by instructing customers to operate the dispensing feature by ripping it entirely off of the carton before the first can dispenses into the basket. In the case of *Sandusky Foundry & Mach. Co. v. De Lavaud*, 274 F. 607, 610-11 (6th Cir. 1921), the Sixth Circuit held that:

[w]here defendants manufacture a device capable of an infringing use and sell it with the intent that it shall be so used, they infringed the patent, even though their device is capable of a noninfringing use, and even though they go through the form of instructing that it shall be used in a noninfringing way.

Id. at 610. Similarly, in the case of *Interspiro USA Inc. v. Figgie International Inc.*, 815 F. Supp. 1488, 1512 (D.Del. 1993), *aff'd*, 18 F.3d 927 (Fed.Cir. 1994), the defendant sought to avoid making contractual patent royalty payments by designing around the licensed patent. The Court held that:

it is of no moment that in certain modes of operation . . . the [accused device] may not operate in a way that would infringe the . . . patent. It matters only that the accused device operate in an infringing way at some time; that is the case here.

Id. at 1512. There is no question here that Mead's accused package is capable of being used in a manner that infringes the '736 patent.

3. Mead Infringes The '736 Even Though Its Carton Is Assembled And Filled By CCE And The Dispensing Feature Is Later Operated By A Consumer.

Mead's assertion that it cannot be liable for infringement because it only makes and sells carton sleeves that are filled by a bottling company and where the dispensing feature is only subsequently operated by a consumer is wholly without support in the applicable case law. To the contrary, Mead, as the manufacturer of a product that is capable of infringing a

patent, is a direct infringer, regardless of how consumers use the product. *Huck Mfg. Co. v. Textron, Inc.*, 187 U.S.P.Q. 388 (E.D.Mich. 1975).

The *Huck* case involved a patent covering blind rivets. Textron argued that its accused rivets were used in a non-infringing manner. During trial, the Court received evidence that established that the rivets were capable of being used in an infringing manner and held for the patentee. The Court reasoned that in a suit against a manufacturer of an alleged infringing device, it was unnecessary to prove how or where the infringing device was used, it was sufficient to prove that the device was constructed in accordance with the patent-in-suit.

The fact that a device may be used in a manner so as not to infringe the patent is not a defense to a claim of infringement against a manufacturer of the device if it is also reasonably capable of a use that infringes that patent . . . ***for a manufacturer, infringement is determined by the use to which the device may be reasonably be put or of which it is reasonably capable.***

Id. at 408 (emphasis added). Mead is the manufacturer of the accused carton. Its act of infringement is complete when the carton blank is cut, scored and glued.

To the extent that Mead argues that infringement of claim 16 is not complete until the end flaps on the carton are glued shut after the carton is filled with cans by a bottling company,

then the act of direct infringement is complete when CCE fills the cartons and glues them shut using packaging machinery obtained from Mead that are designed for the express purpose of completing this last act of infringement. At best, Mead is still liable as a contributor to the final act of infringement that is completed by CCE.

4. Mead Becomes Liable For Contributory Infringement As Soon As CCE Fills The Cartons And Glues Them Shut.

Every Mead Fridge Pack carton sitting on a grocery store shelf filled with beverage cans is an infringing article under 35 U.S.C. § 271. To the extent that Mead does not directly infringe because it only supplies carton sleeves to bottling companies, it contributes to the infringement of the bottlers who fill and glue the cartons. Mead is liable as a contributory infringer because its carton sleeves are "especially made or especially adapted" for use in the infringement of the '736 Patent. *See* 35 U.S.C. §271(c). The Mead carton sleeves have no commercial value other than to be filled with beverage cans and then glued shut. CCE completes the manufacture of the infringing article by performing the filling and gluing, a process that is completed by Mead supplying packaging machinery to CCE that is especially designed to complete the filling and gluing.

5. Mead's Accused Carton Is Not A Staple Article Of Commerce Capable Of Substantial Non-Infringing Uses.

Mead's argument that its carton sleeve is a staple article of commerce does not merit serious consideration by the Court. Controlling statutory and case law provides that the seller of a component of a patented article is liable as a contributory infringer if it knows that the article is "especially made or especially adapted for use in the infringement of such patent." 35 U.S.C. §271(c); see *Preemption Devices, Inc. v. Minnesota Mining & Manufacturing Co.*, 803 F.2d 1170, 1174 (Fed.Cir. 1986).

Mead makes a beverage carton. That carton has but one specialized use, to hold and dispense beverage cans. Mead prints graphics on the carton to show the consumer how to operate the dispensing feature. Mead publishes photographs in press releases depicting its carton with the dispenser still attached to the carton, and with a beverage can lying in the "bucket" of the dispenser. This issue is so plainly resolved in Riverwood's favor that it does not warrant further discussion.

IV. MEAD HAS NOT RAISED A SUBSTANTIAL QUESTION OF INVALIDITY.

The burden of proving invalidity is on Mead in this preliminary injunction proceeding. *H.H. Robertson Co. v. United Steel Deck, Inc.*, 820 F.2d 384, 387, 2 U.S.P.Q.2d 1926 (Fed.Cir. 1987). Nevertheless, Riverwood, as the party seeking the injunction,

retains the burden of showing a reasonable likelihood that Mead's attack on patent validity will fail. *Id.*

In order to defeat Riverwood's motion for preliminary injunction, Mead must raise "a substantial question" concerning validity, meaning that its invalidity defense is sufficiently potent that Riverwood cannot prove that it lacks substantial merit. *Tate Access Floors, Inc. v. Interface Architectural Resources, Inc.*, 279 F.3d 1357, 1365, 61 U.S.P.Q.2d 1647 (Fed.Cir. 2002). Riverwood's burden, in view of Mead's effort to introduce evidence of invalidity, is to show that Mead's invalidity defense "lacks substantial merit." *New England Braiding Co., Inc. v. A.W. Chesterton Co.*, 970 F.2d 878, 883, 23 U.S.P.Q.2d 1622, 1626 (Fed.Cir. 1992). In view of the cited prior art references and arguments advanced by Mead, Mead's invalidity defense does indeed lack substantial merit.

1. Claim 16 Of The '736 Is Not Anticipated By *Ellis*.

A determination that a claim is invalid as being anticipated or lacking novelty under 35 U.S.C. § 102 requires a finding that "each and every limitation is found either expressly or inherently in a single prior art reference." *Celeritas Technologies, Ltd. v. Rockwell Intern. Corp.*, 150 F.3d 1354, 1360, 47 U.S.P.Q.2d 1516, 1522 (Fed.Cir. 1998). Mead contends that U.S.

Patent No. 3,178,242 to *Ellis* ("*Ellis*") is an anticipating reference under 35 U.S.C. § 102(b). It is not.

The purpose of the *Ellis* carton was to control the sequence of removal of cans from the carton. This would ensure that a pre-designated can with a "time-to-repurchase" notice would always exit the carton in the predetermined order.

The principal object of the present invention is to provide a self-dispensing carton in which the cans therein are removed from a small front opening in predetermined order, with a can within the carton taking the place of the previous can after it is removed.

[*Ellis*, Col 1, Lines 15-19]. The cans in the *Ellis* carton are staggered to facilitate their removal in a "predetermined order." Furthermore, the height of the carton is sufficient only for the cans to remain in the staggered configuration. Unlike the Fridge Pack carton, whose height is at least two full can diameters, the *Ellis* carton has insufficient height to allow a can in the upper row to pass over a can in the lower row. The combination of staggering the cans and lowering the carton height ensures that the *Ellis* cans always exit the carton in the predetermined order. This combination eliminates altogether the propensity for a can to fall out of the carton. Thus, there is no need for a "basket" to "catch" one of the cans and there is no teaching or suggestion in *Ellis* that its carton do so.

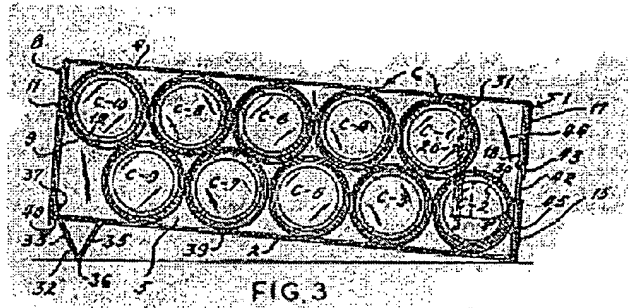


Figure 3 of *Ellis* is depicted above. Note the staggering of the cartons as opposed to vertical stacking. Note that the vertical height of carton is less than two full can diameters, thus restricting movement of cans within the carton. Also note the space in the upper front corner of the carton to the right of can C-1 and above can C-2.

Claim 16 of the '736 does not read on *Ellis* in at least two material respects: (1) *Ellis* does not teach or suggest that the removable top/front corner remains attached to the carton and functions as a basket to catch cans as they exit the carton; and (2) the dispenser opening in the '736 patent is defined entirely by a continuous tear line whereas the analogous feature in *Ellis* incorporates a variety of scores, tear strips, cuts, and hand hold openings.

a. *Ellis* only teaches the total removal of the top front corner.

Ellis teaches only the *total removal* of a top corner section from a carton, both in its specification and in each of its claims. Nowhere in *Ellis* is it taught, or even suggested, that it would be desirable to leave a hinged basket attached to the carton by the

tear line through each side end flap. The *Ellis* specification only teaches that the front section is totally removed from the carton when it is opened.

To assist in removing the removable section R, a side tab 29 adjacent to a finger opening or hole 30 is provided on one or both side walls 3 and 5, there being a tear strip 31, such as nylon tape, on the inner surface of the carton 1 immediately forward of the side and top scores 26 and 27. Thus, the removable section R is formed from the forward portion of the top wall 4 and the upper side walls 3 and 5, the top front flap 17 and the upper portions of the side front flaps 16 and 18. The removable section R is defined by the scores 21, 26 and 27 and the cuts 25, all of which are readily severable.

[*Ellis*, Col 2, lines 38-48].

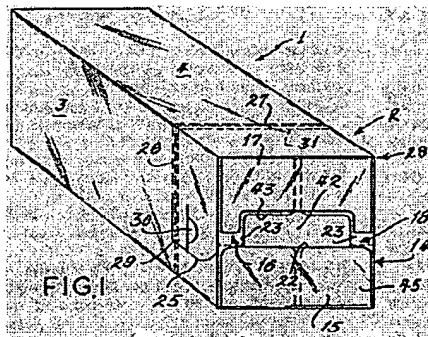


Figure 1 from the *Ellis* '242 Patent.

To open the carton, a person simply inserts a finger partially into the hole 30 and pulls up on the side tab 29 and rips the scores 26, 27 and 26 in the side and top walls 3, 4 and 5. ***The scores 21 and the side front flaps 16 and 18 are then severed to remove the entire removable section R as a unit.***

[*Ellis*, col. 3, lines 26-31, (emphasis added)].

The result of staggering the cans in *Ellis* is that two spaces are created in the fully packaged *Ellis* carton. As shown in the

Ellis Figure 3, *supra*, the upper space is between can C-1 and the front edge 17 of the carton. Because this upper space exists from the cans being stacked in a staggered configuration, the top-front can does not tend to fall out of the carton when the carton is opened. Thus, the front portion of the *Ellis* carton can be entirely removed with no need for a connected "basket" to "catch" a can as taught and claimed in both Riverwood's '736 patent and Mead's published patent application. [PX29, claim 2].

b. The "tear line" claimed in the '736 Patent does not read on the *Ellis* opening feature.

Ellis teaches that the carton is opened by inserting a finger into "finger opening" or hole 30 in the carton side wall, and pulling upwardly on a tear strip 31, which tears the carton along scores from one side wall across the top wall and down to a corresponding hole 30 on the opposite side wall. The scores do *not* extend to the front wall of the *Ellis* carton which is contrasted with the tear line taught and claimed in Riverwood's '736 Patent. Instead, because of the space created between the can C-1 and the carton front wall 17 in *Ellis*, the scoring in *Ellis* terminates along a cut 25 in the side wall of the *Ellis* carton. This differs from the invention claimed in the '736 Patent in

which the configuration of the tear line allows the dispenser to remain attached to the carton's front wall.

The Court should reject Mead's argument for an additional simple and straightforward reason. Nowhere in *Ellis* is there a recognition or acknowledgement that a can, using the *Ellis* staggered configuration and reduced ceiling height, had a tendency to vault out of the carton unexpectedly. Without recognizing or acknowledging the problem, it is unreasonable to read into the patent disclosure that *Ellis* discovered a solution to this unknown, unidentified problem.

2. Mead's Effort To Invalidate The '736 Patent Over *Ellis* Is Based On Impermissible "Hindsight Reconstruction."

A fair and plain reading of *Ellis* shows that it does not teach that a "basket" remains attached to the carton on a hinge point, much less that the "basket" "catches" a can that exits the carton. At the deposition of Mead's carton expert, Riverwood was surprised to learn that the expert's opinions were based, in part, on a variation of *Ellis* that Mead's carton designers had constructed where the staggering of the cans had been altered. Mead showed its expert a carton where the top/front can was perched precariously over bottom row, poised to tumble out of the carton as soon as the removable section was removed. This is different from the actual teachings of *Ellis*

where the top front can rests securely between two cans in the lower row. Mead, and its expert, have merely found the closest prior art reference to the '736 patent that they can find, made impermissible modifications to it, and are using principles of alleged "inherency" combined with hindsight reconstruction to infer teachings in *Ellis* that do not, in reality, exist. This process, while all-to-common in patent litigation, is not embraced by the Courts.

The Federal Circuit, in the case of *Brown v. 3M*, 265 F.3d 1349, 60 U.S.P.Q.2d 1375 (Fed.Cir. 2001), stated the standard for invalidating a patent as follows: "To anticipate, every element and limitation of the claimed invention must be found in a single prior art reference, *arranged as in the claim.*" *Id.* at 1351 (emphasis added). Mead, in contrast, argues that the upper corner of *Ellis* remains attached at scores 21 to form a hinged basket for catching a can. *Ellis*, however, only teaches that such scores are "readily severed" to entirely remove the corner piece from the carton. Assisted by hindsight, Mead sees something in *Ellis* that just isn't there.

A retrospective view of inherency is not a substitute for some teaching or suggestion which supports the selection and use of the various elements in the particular claimed combination.

In re Newel, 891 F.2d 899, 13 U.S.P.Q.2d 1248 (Fed.Cir. 1989), *cert denied* 493 U.S. 814 (1989). Again, in the case of *Electro Medical Systems, S.A. v. Cooper Life Sciences, Inc.*, 34 F.3d 148, 1052, 32 U.S.P.Q.2d 1917 (Fed.Cir. 1994), the Court reiterated settled and long established principles of law stating: "the mere fact that a certain thing may result from a given set of circumstances is insufficient to prove anticipation . . . the [patent challenger] was required to provide that [the claimed result] is necessarily present in the Ruemelin disclosure, and that it would be recognized by persons of ordinary skill." The prospect that Mead's patent attorneys and outside technical experts, using hindsight reconstruction, have cobbled together a variation of *Ellis* that causes a can to exit upon opening does not meet Mead's burden of showing that *Ellis* contains an inherent teaching, contrary to its expressly stated text, that would be recognized persons of only ordinary skill.

3. There is No Substantial Question of Invalidity Under the Obviousness Standards of 35 U.S.C. § 103.

A determination of obviousness under 35 U.S.C. § 103 is a legal conclusion involving factual inquiries including: (1) the scope and content of the prior art; (2) the level of ordinary skill in the art; (3) the differences between the claimed invention and the prior art; and (4) secondary considerations of

non-obviousness. *Graham v. John Deere Co.*, 383 U.S. 1, 148 U.S.P.Q. 459 (1966)

The scope and content of the prior art, which is well represented in the art considered by the examiner in allowing the '736 patent to issue, is rich in teaching a wide variety of dispensing features for cartons. For example, the examiner allowed the '736 patent to issue over the *Lingamfelter* '293 patent that teaches removing the top, front corner from a 3x4 12-pack beverage carton.

As for the level of skill in the art, a carton designer can generally reach the level of ordinary skill in the art with a high school education and several years of experience. [Schuster]. One or more years of college may be helpful, but is not required.

As for the differences between the claimed invention and the prior art, no prior art reference teaches the hinged, can-catching basket of the '736 patent. *Lingamfelter* considered a somewhat similar problem with a dispensing feature for a 12-pack can proximate in time to Riverwood's Raymond Spivey; however, his specification does not even recognize the propensity for a can to unexpectedly vault out of carton when opened. Obviously, he did not recognize the benefit of adding the "basket" feature.

Ellis does not render the '736 patent obvious. As discussed previously under principles of anticipation, *Ellis* lacks the can-catching basket of Claim 16. Again, the Court should not use hindsight reconstruction to see something in *Ellis* that was never there.

It is impermissible to use the claimed invention as an instruction manual or quick template to piece together the teachings of the prior art so that the claimed invention is rendered obvious.

In re Fritch, 972 F.2d 1260, 1266, 23 U.S.P.Q.2d 1780 (Fed.Cir. 1992). Raymond Spivey was the first inventor to build a 2x6 carton with a top/front dispenser opening and recognize the problem of the first can vaulting out of the carton, and invent a practical solution to the problem that has rendered the carton a commercial success.

4. Secondary Considerations of Nonobviousness Overcome Mead's Obviousness Assertions.

Secondary considerations "include evidence of factors tending to show nonobviousness, such as commercial success of the invention, satisfying a long-felt need, failure of others to find a solution to the problem at hand, and copying of the invention by others. It is the secondary considerations that are often most probative and determinative of the ultimate conclusion of obviousness or nonobviousness." *Pro-Mold and Tool Co.*,

Inc. v. Great Lakes Plastics, Inc., 75 F.3d 1568, 1573, 37 U.S.P.Q.2d 1626 (Fed.Cir. 1996). Indeed, such objective evidence of non-obviousness may even be used to rebut a prima facie case of obviousness based on prior art references. *WMS Gaming Inc. v. International Game Technology*, 184 F.3d 1339, 51 U.S.P.Q.2d 1385 (Fed.Cir. 1999).

The court is obligated to take secondary considerations into account in making its determination of obviousness. *Custom Accessories, Inc. v. Jeffrey-Allan Industries, Inc.*, 807 F.2d 955, 1 U.S.P.Q.2d 1196 (Fed.Cir. 1986) ("Under *Graham* . . . such objective evidence must be considered."). As stated in *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1538, 218 U.S.P.Q. 871, 879 (Fed.Cir. 1983):

It is jurisprudentially inappropriate to disregard any relevant evidence on any issue in any case, patent cases included. Thus evidence rising out of the so-called 'secondary considerations' must always when present be considered en route to a determination of obviousness ... Indeed, evidence of secondary considerations may often be the most probative and cogent evidence in the record. It may often establish that an invention appearing to have been obvious in light of the prior art was not. It is to be considered as part of all the evidence, not just when the decision maker remains in doubt after reviewing the art.

5. The Fridge Pack Carton Met A Long-Felt And Unmet Need In The Soft Drink Beverage Industry.

The Fridge Pack carton has been successful because it solved a problem and met a need. Prior to the Fridge Pack

carton, growth in carbonated soft drink sales was stagnant. Consumption of aluminum cans was flat or declining. Alcoa gathered an industry consortium together to brainstorm this problem. The solution to this problem was not obvious and it did not come quickly.

Long-felt need is analyzed as of the date of an articulated identified problem and evidence of efforts to solve that problem. *Texas Instruments Inc. v. U.S. Int'l Trade Comm'n*, 988 F.2d 1165, 1178, 26 U.S.P.Q.2d 1018, 1029 (Fed.Cir. 1993). Alcoa invited Riverwood to participate in the consortium because of its reputation as an innovator. The prospect that the Fridge Pack carton met a specific need that had been identified and articulated within the industry and was eventually spawned as a result of the Alcoa project is a perfect illustration of the long-felt need prong of the nonobviousness inquiry in operation.

Until product launch of the Fridge Pack carton, no paperboard, multi-pack carton met this need or overcame this problem. However, the Fridge Pack carton has met this need. Consumers put it in the refrigerator. They use the dispensing feature. They drink more carbonated soft drinks. They consume more aluminum cans. The rapidity with which the Coca-Cola bottling system has embraced and implemented the Fridge Pack carton is further evidence of the extent to which this invention

has met an unsolved need. *See ATD Corp. v. Lydall, Inc.*, 159 F.3d 534, 48 U.S.P.Q.2d 1321, 1330 (Fed.Cir. 1998) (noting that invention was adopted quickly by the industry).

6. Attempts and Failures by Others.

Two years of intense industry brainstorming and product design were directed to solving the problem of creating a refrigerator friendly multi-pack carton before Raymond Spivey was inspired to create the Fridge Pack while opening a bag of dog-food. Efforts to interest the beverage industry with other proposed, purportedly "frig-friendly" designs met with no success. Coca-Cola showed no interest in importing the Australian "Fridge Mate" dispensing carton into the U.S. The industry also rejected a variety of bottom opening dispensers, side opening dispensers, a pack designed to fit into a refrigerator "crisper-drawer," and others. After Mead learned about the Fridge Pack project, on November 16, 2000, it attempted to interest Coca-Cola with its own, patent-pending, bottom opening dispensing design, which was immediately rejected.

An accused infringer's failed attempt to design an acceptable product is evidence suggesting non-obviousness. *Intel Corp., supra*; see also *Advanced Display Systems, Inc. v. Kent State University*, 212 F.3d

1272, 1285, 54 U.S.P.Q.2d 1673, 1681 (Fed.Cir. 2000), *cert. denied*, 121 S. Ct. 1226 (2000) ("evidence of failed attempts by others could be determinative on the issue of obviousness.").

7. Attempts and Failures by Others - CCE'S Decision To Stay With The Fridge Pack Carton Rather Than Accept A Non-Infringing Alternative From Mead Supports Riverwood's Case Of Non-Obviousness.

The prior art cited of record in the '736 patent prosecution history attests to the fact that the field of beverage carton design is rich in the number and variety of dispenser openings that can be constructed into a paperboard carton. Furthermore, Mead, under its supply contract has the contractual right to offer to supply a non-infringing alternative carton to CCE. Moreover, Mead has had more than one year since the publication of Riverwood's patent application and an additional three months since the filing of this lawsuit to offer a substitute carton to CCE.

It does not take long for a carton designer to create a new carton. On Wednesday, November 15, 2000, Coca-Cola invited Mead to present a 2x6 dispensing carton and Mead went to Coca-Cola the next day, on Thursday, with a 2x6 carton sample with a dispensing feature.

During the week of August 25, 2003, CCE notified Riverwood that Mead had been unsuccessful in designing an acceptable

alternative carton and advised Riverwood that it would not present evidence of irreparable injury or argue balance of hardships in opposition to the injunction, if Riverwood agreed to supply CCE with Fridge Pack cartons and propose an injunction that would not otherwise interrupt its supply of Fridge Pack cartons. In short, Mead's carton designers have failed to "design around" Riverwood's patent. Thus, while Mead's patent lawyers attack Riverwood's invention as obvious, with the benefit of wisdom gained from hindsight reconstruction, Mead's carton designers have learned that designing a commercially successful refrigerator-friendly carton without the benefit of such hindsight is considerably more difficult.

8. Copying by Mead.

Copying the claimed invention is a factor to be considered in any obviousness determination.

copying the claimed invention, rather than one within the public domain, is indicative of non-obviousness.

Windsurfing International, Inc. v. AMF Inc., 782 F.2d 995, 1000, 228 U.S.P.Q. 562, 565 (Fed.Cir. 1986), *further proceedings*, 4 U.S.P.Q.2d 1429 (S.D.N.Y. 1987). In the case of *Dow Chem. Co. v. American Cyanamid Co.*, 816 F.2d 617, 622, 2 U.S.P.Q.2d 1350, 1355 (Fed.Cir. 1987), the Court noted that an infringer's failed attempts to develop the

claimed invention followed by subsequent copying of the
invention supports a holding of nonobviousness.

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District Courts consider deliberate copying of the patent holder's device by the defendant in an infringement suit as evidence tending to support patentability. *See, e.g., Sealed Air Corp. v. International Packaging Systems, Inc.*, 5 U.S.P.Q.2d 1001, 1021 (E.D.Va. 1987) ("copying is further evidence of nonobviousness"); *Asahi/America Inc. v. MFRI Inc.*, 36 F.Supp.2d 618, 622, 51 U.S.P.Q.2d 1154 (S.D.N.Y. 1999) ("the Court's conclusion as to the non-obviousness of plaintiff's invention is corroborated ... by the fact that it was copied by defendants as soon as they were presented with it.").

9. The Commercial Success Of The Fridge Pack Carton Is Further Evidence Of Non-obviousness.

The commercial response to an invention is significant to determinations of obviousness, and is entitled to fair weight. The rationale for giving weight to the so-called 'secondary considerations' is that they provide objective evidence of how the patented device is viewed in the marketplace, by those directly interested in the product. *Demaco Corp. v. F. Von Langsdorff Licensing Ltd.*, 851 F.2d 1387, 1388, 7 U.S.P.Q.2d 1222, 1226 (Fed.Cir. 1988), *cert. denied*, 488 U.S. 956 (1988). Commercial success by others, including that of an infringer, must also be

considered. *Brown & Williamson Tobacco Corp. v. Philip Morris Inc.*, 229 F.3d 1120, 1130, 56 U.S.P.Q.2d 1456, 1464 (Fed.Cir. 2000) ("Our case law provides that the success of an infringing product is considered to be evidence of the commercial success of the claimed invention.")

a. The Fridge Pack cartons that have achieved commercial success embody the claimed features of the '736 Patent.

To analyze the commercial success of the invention of claim 16, we look to the sales impact of products embodying the invention of claim 16 in the relevant market. In this instance, the relevant market is the market for 12-pack paperboard beverage cartons. The United States soft drink beverage packaging market for 12-pack paperboard beverage cartons is approximately \$460M per year, representing the sale of approximately 3.54 billion 12-pack cartons. [Francis].

Traditional 3x4 beverage cartons have been sold in the U.S. for over twenty years. In contrast, 2x6 beverage cartons that embody the invention of claim 16 were first introduced just two years ago. During that two year period, the Fridge Pack carton has been adopted throughout the entire U.S. domestic bottling system of the world's largest soft drink company, Coca-Cola.

b. Nexus between the Commercial Success and the patented features of the invention.

Before one may rely on evidence of commercial success to support the patentability of a claim, the owner of the claim must establish a nexus between the claim and the success. *Cable Electric Products, Inc. v. Genmark, Inc.*, 770 F.2d 1015, 1027, 226 U.S.P.Q. 881, 888 (Fed.Cir. 1985). However, when, as here, a patentee can demonstrate commercial success and that the successful product is the invention disclosed and claimed in the patent, it is presumed that the commercial success is due to the patented invention. *J.T. Eaton & Co. v. Atlantic Paste & Glue Co.*, 106 F.3d 1563, 1571, 41 U.S.P.Q.2d 1563, 1647 (Fed.Cir. 1997); *see also Winner International Royalty Corp. v. Wang*, 202 F.3d 1340, 1350, 53 U.S.P.Q.2d 1580, 1588 (Fed.Cir. 2000) ("It is presumed that [the patent owner] established a nexus between its commercial sales of [three products] because they embody the disclosure of the ... patent.")

Riverwood anticipates that Mead will attempt to introduce anecdotal evidence in the form of opinion testimony asserting alternative reasons for the remarkable success of the Fridge Pack carton other than the structure and operation of the patented dispensing feature. This opinion evidence should be discounted. The more salient point is that there is no

empirical evidence that any other 2x6 dispensing 12-pack carton has ever experienced commercial success comparable to the Fridge Pack carton. There is no empirical evidence to suggest that the Fridge Pack carton would be equally successful if any of its patented features were removed. Thus, Mead's entire case challenging the nexus between commercial success and the patented features relies on speculation, conjecture, and unreliable opinion testimony. Such "evidence" should not be entitled to much weight, if any.

The patent feature that is the central target of Mead's "nexus" argument is the element in claim 16 that states: "said dispenser forming a basket for catching containers exiting the carton." Mead's argument on this point, however, lacks credibility as Mead itself has filed for patent protection claiming this identical feature. [PX 29, claim 2].

In designing his patented carton, Raymond Spivey noted a problem with his design if the "can catching basket" was not present. Upon opening, the top/front can vaults from the carton unexpectedly. Spivey added the "basket" to overcome this potential problem. The cartons that have achieved commercial success contain this feature. Again, there is no empirical evidence that the carton would be equally successful if this problem solving feature were not included.

**10. Industry Accolades Have Been Awarded To The Fridge
Pack Carton.**

Praise, industry awards and accolades bestowed upon a patented product and/or the inventor, also must be taken into account as secondary considerations.

Another indicia of non-obviousness of a product is the acclamations it receives when it is released . . .

Ecolochem, Inc. v. Southern California Edison Co., 227 F.3d 1361, 1380, 56 U.S.P.Q.2d 1065 (Fed.Cir. 2000); *Corning Glass Works v. Sumitomo Electric USA Inc.*, 671 F.Supp. 1369, 1398, 5 U.S.P.Q.2d 1545, 1569 (S.D.N.Y. 1987), *aff'd*, 868 F.2d 1251, 9 U.S.P.Q.2d 1962 (Fed.Cir. 1989) ("Praise for the invention, including awards accorded to the inventors for their invention, are further evidence of the novelty and worth of the inventions.") *See also, Crucible, Inc. v. Stora Kopparbergs Bergslags AB*, 594 F.Supp. 1249, 1258, 226 U.S.P.Q. 36, 43 (W.D. Pa. 1984), *aff'd in part, remanded in part sub nom, Kloster Speedsteel AB v. Crucible, Inc.*, 793 F.2d 1565, 230 U.S.P.Q. 81 (Fed.Cir. 1986) ("a factor which bears on both commercial success, and long-felt unsolved needs and the failure of others, is the fact that in 1970 Mr. Holtz won an award from Industrial Research Magazine for inventing one of the one hundred most significant scientific developments of the year.")

Mead's infringing product, the Fridge Master carton, received two awards from the Paperboard Packaging Council (PPC) 2002 National Paperboard Packaging Competition. It was the first time in the competition's 59-year history that the same entry garnered both top PPC packaging awards. [PX 10]. In granting this award, PPC recognized Mead's infringing product as "the most innovative paperboard packaging solution in a field of highly competitive entries and for its impact on the packaging industry." [PX 92].

11. Mead Has Publicly Lauded The Innovativeness Of The Fridge Pack Carton Design.

Laudatory statement made by an infringer, or others, regarding a commercial embodiment of an invention are also indicia of non-obviousness of an invention. *Libbey-Owens-Ford Co. v. BOC Group Inc.*, 655 F. Supp. 897, 914, 4 U.S.P.Q.2d 1097, 1109 (D.N.J. 1987) ("statements of praise by the [accused infringer] made prior to the initiation of litigation are strong indication of the non-obviousness of [the] invention"). The same holds for an infringer's advertisements touting advantages provided by the invention:

before this litigation, [the infringer] recognized calibration during dialysis as a significant advance. [It] touted the advantages of AUTO-ADJUST, as it termed automatic recalibration during dialysis, in the advertising for the allegedly infringing ... machines. [Its] recognition of the importance of this advance is

relevant to a determination of nonobviousness . . .
[t]he prominence of the patented technology in [the
infringer's] advertising creates an inference that
links the [patented] invention to this success.

Gambro Lundia AB v. Baxter Healthcare Corp., 110 F.3d 1573, 1579, 42

U.S.P.Q.2d 1378, 1384 (Fed.Cir. 1997).

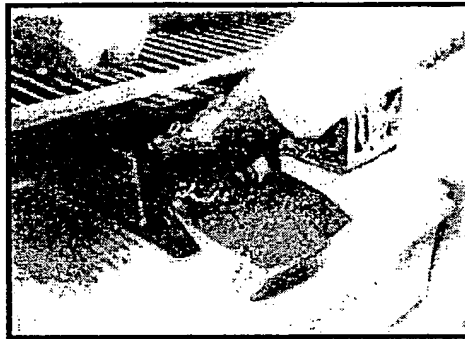


Figure 5 - This photograph was taken from a Mead press release touting its packages that have received industry accolades including the 2002 PPC Awards. Note that the carton is situated on a refrigerator shelf, the dispensing feature is open, and the "basket" or "bucket" remains attached to the carton along the hinge line.

In its March 25, 2002 news release entitled "Fridgemaster Dispenser Carton Earns Top PPC Awards For Meadwestvaco Packaging Systems" discusses many of the benefits of Mead's infringing product. [PX 92]. Among other things, Mead's press release proclaims that its "Fridge Master" carton "allows easy, secure serving one can at a time." [PX 92]. Further on, Mead's designer, Aaron Bates explains features that distinguish Mead's infringing carton from other designs, stating that a "very clear difference is in the can-catching opening dispenser feature. . .

As cans roll forward from the inside pack, the patent-pending design catches and holds each can one-by-one." [PX 92]. Mead, therefore, promotes aspects of its infringing carton that are present in claim 16, further evidencing the non-obviousness of this claim.

12. The Fact That Mead Attempted To Patent The Same Invention Is Evidence Of Its Non-Obviousness.

The non-obviousness of Riverwood's invention is further supported by the fact Mead not only copied Riverwood's invention, it actually filed its own patent application on the same invention. Mead withdrew its pending U.S. patent applications only after realizing that it needed to cobble together an invalidity case for this lawsuit. Federal Circuit case authorities take a dim view of such tactics.

The litigation argument that an innovation is really quite ordinary carries diminished weight when offered by those who had tried and failed to solve the same problem, *and then promptly adopted the solution that they are now denigrating*.

See Heidelberger Druckmaschinen AG v. Hantscho Commercial Products, Inc., 21 F.3d 1068, 1082, 30 U.S.P.Q.2d 1377 (Fed.Cir. 1993). Mead's obviousness argument is particularly impotent in light of the fact that Mead continues to prosecute PCT patent applications in international jurisdictions covering the same invention.

In the case of *American Medical Systems Inc. v. Medical Engineering Corp.*, 794 F. Supp. 1370, 1386, 26 U.S.P.Q.2d 1081, 1090-91 (E.D.Wis. 1992), *aff'd in part, rev'd in part & remanded*, 6 F.3d 1523, 28 U.S.P.Q.2d 1321 (Fed.Cir. 1993), the accused infringer attempted to patent a product that fell literally within the scope of the claims of the plaintiff's issued patent. The Court rightly concluded that the accused infringer obviously believed that this subject matter was new and nonobvious as evidenced by the filing of its own patent application on the subject matter. Similarly, in the case of *Mosinee Paper Corp. v. James River Corporation of Virginia*, 22 U.S.P.Q.2d 1657, 1661 (E.D.Wis. 1992), the Court noted that the validity challenger's prior attempt to patent the same concept was telling evidence of the nonobviousness of the patentee's invention.

B. RIVERWOOD'S EVIDENTIARY PRESENTATION ON IRREPARABLE HARM.

During the hearing, Riverwood will focus the Court on specific facts and occurrences that establish that Riverwood is being irreparably harmed by Mead's infringement including: (1) loss of market share; (2) dramatic price erosion; (3) interference with a valuable customer relationship; and (4) misappropriation of goodwill by claiming to have invented the Fridge Pack carton.

1. Mead's Infringing Activity Has Allowed It to Gain Market Share At Riverwood's Expense.

The market of existing customers for the Fridge Pack carton is largely confined to the Coca-Cola bottling system. Riverwood and Mead, combined, also service less than a half-dozen, small Pepsi bottling plants. Limited quantities are also being sold to Dr Pepper/7-Up, Snapple, Slim-Fast, and Shasta. Nevertheless, the Coca-Cola bottling system currently defines "the market" for the Fridge Pack. Seventy-seven percent of the Coca-Cola bottling volume is controlled by CCE. By virtue of the exclusive supply agreement between Mead and CCE that was entered into effective October 1, 2002, that seventy-seven percent of the market for Fridge Pack cartons now belongs to Mead for the next ten years unless an injunction is entered. Taking into account that one other Coca-Cola bottler (Philadelphia) is currently a Mead customer, that only leaves approximately twenty percent of the Coca-Cola market for Riverwood. Riverwood respectfully submits such a magnitude of loss of market share is *per se* irreparable harm.

Furthermore, Mead has expanded the scope of its infringement while this preliminary injunction has been pending. In May of 2002, CCE announced a plan to convert 80 bottling plants to the Fridge Pack carton in less than 80 weeks.

Approximately one additional CCE bottling plant begins using the Fridge Pack carton every week. After this preliminary injunction proceeding was commenced, Mead supplanted Riverwood at three CCE plants in Michigan: Flint, Grand Rapids, and Detroit. In August, Mead supplanted Riverwood at CCE's plants in Wichita and Lenexa, Kansas. Riverwood equipped plants in Houston, Dallas, Fort Worth, Austin, and New Orleans, will be converted to Mead packaging equipment and Fridge Pack cartons between now and January of 2004 if an injunction is not entered.

2. Mead's Infringing Package in the Market Place Has Resulted in Dramatic Price Erosion for Riverwood's Invention.

Prior to Mead and CCE entering into their exclusive supply contract, Riverwood had successfully established pricing on its

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Current pricing for the Fridge Pack carton is being effected by the current competitive pricing environment due to Mead's presence in the market with unlicensed, infringing goods. It is doubtful, due to the magnitude of this sudden price shift, that the market will ever fully recover. Riverwood submits,

however, that its prospects for restoring some measure of premium pricing for its invention will depend on how quickly it can restore its exclusive rights. [Hoyme, Kennedy].

3. Mead's Infringement Is Interfering With Valuable Business Opportunities to Sell Both Patented and Unpatented Goods.

Unless Mead is enjoined, the last Riverwood QuikFlex 600 packaging machine that packages Fridge Pack cartons in a CCE plant will be removed in January of 2004. After that, the customer relationship between Riverwood and CCE will more-or-less simply die on the vine. All of the day-to-day communication associated with an on-going business relationship, the sales calls, the ordering, the scheduling, the technical service calls to improve production efficiency of bottling plant packaging machinery, the coordination for printing graphics for new promotions, etc., will come to end. By the time that this case comes to trial and a permanent injunction is entered, CCE will practically be a "cold call" for a Riverwood salesman.

A perfect example of this took place right after CCE announced its exclusive supply contract with Mead. Riverwood's Tod Hoyme contacted CCE's Landis Frey for a sales appointment and inquired into when Riverwood could once again sell cartons to CCE. Frey responded: "not until well after I retire."

Mead obtained its exclusive supply contract with CCE by selling infringing goods at a discount price. Having frozen Riverwood out of its share of the business by misappropriating Riverwood's invention, Mead seeks to preserve its advantage for the next two years or more until trial. During that time, Mead intends to expand its current rate of infringement, converting even more CCE plants until Riverwood has lost its last foothold within the CCE system. If Mead is given two to three years until trial to complete the conversion of all CCE bottling plants to Mead packaging equipment, Mead will have succeeded in inducing CCE to convert on the order of 80 bottling plants to new or upgraded Mead packaging equipment, at a substantial capital outlay. By that time, Mead may be able to switch CCE to another carton simply because it would then be too expensive to revert its bottling plants to Riverwood equipment. In that case, Mead's infringement will be *fait accompli*. Mead will have permanently stolen a customer from Riverwood by selling infringing goods at a discount price. This is certainly irreparable harm.

4. Mead Has Misappropriated The Goodwill Associated With Riverwood's Invention By Claiming To Have Invented The Fridge Pack Carton.

Riverwood has been wrongfully deprived of the goodwill that is was entitled to for bestowing the benefits of the Fridge Pack

carton on the beverage industry. Mead has aggressively promoted itself in the press and in industry publications, proclaiming itself to be an innovator for something it knowingly misappropriated from Riverwood. Mead has deflected unto itself the recognition that should have fallen on Riverwood as the inventor of the Fridge Pack carton.

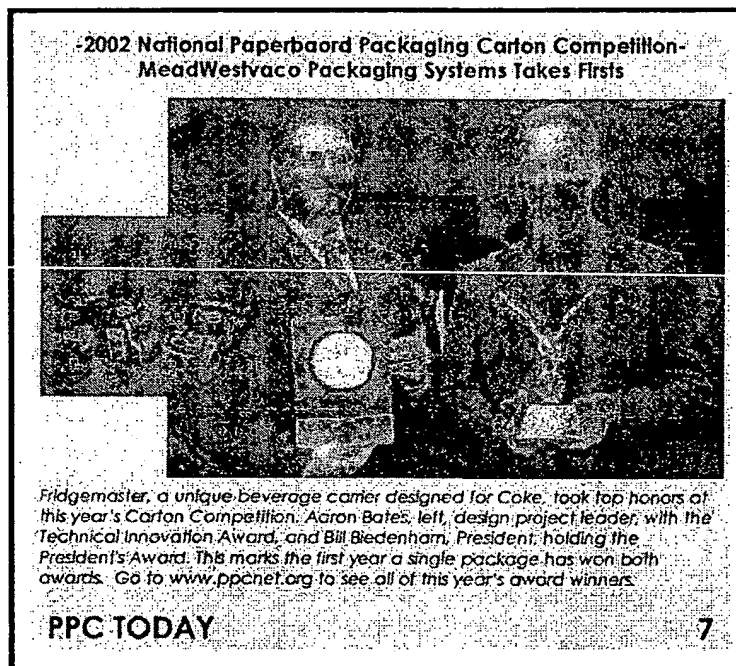


Figure 6 - This photograph shows Mead's "inventor" Aaron Bates and Mead Packaging System President Bill Biedenhorn accepting the 2002 PPC awards bestowed on Mead's Fridge Master carton. This article was published in the Spring 2002 edition of PPC Today, published by the Paperboard Packaging Counsel. [PX 10].

The misappropriation of goodwill by Mead which, among other things, is exemplified by the publicity Mead received at the 2002 PPC awards, [PX 10 and 11], is difficult to quantify in terms of money damages. Nevertheless, it represents genuine

harm to Riverwood that justifies entry of a preliminary injunction.

**C. RIVERWOOD'S EVIDENCE IN REBUTTAL TO MEAD'S BALANCE OF
HARDSHIP PRESENTATION.**

- 1. Mead's Projected Harm Is Attributable to Business
Risks That It Intentionally Undertook to Infringe
Riverwood's Patent.**

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In its initial preliminary injunction brief, Mead vigorously argued that the balance of hardships tipped decidedly in its favor in view of the tens of millions of dollars that it has expended to produce the Fridge Pack carton. However, case authorities counsel that such expenditures should be discounted

when undertaken with actual knowledge of a patentee's rights. See e.g., *Smith Int'l, Inc. v. Hughes Tool Co.*, 718 F.2d 1573, 219 U.S.P.Q. 686 (Fed.Cir. 1983). In the *Smith* case, the accused infringer argued that the balance of hardships tipped in its favor because it had a large inventory of the accused device and that, therefore, it would be unfair to disrupt its activities with an injunction. In reversing the District Court's denial of preliminary injunction, the Federal Circuit noted that the accused infringer had actual knowledge of the patent-in-suit and took a "calculated risk" with respect to its infringing conduct and would, therefore, not be heard to complain that the equities tipped in its favor.

Similarly, in the case of *Lubrizol Corp. v. Exxon Corp.*, 696 F.Supp. 302, 7 U.S.P.Q.2d 1513 (N.D.Ohio 1988), the District Court noted that Exxon proceeded with the marketing of its accused product in the face of specific knowledge that the patent holder accused it of infringing its patent:

despite this knowledge Exxon took no steps to protect against the financial injury which it now projects should the injunction issue, but has continued to develop its [accused product]. Thus, the injury to Exxon, if any, is largely self-inflicted.

Id. Thus, Mead's knowledge of Riverwood's patent rights at the time it entered into its supply contract should be taken into account in weighing Mead's hardship.

D. THE COURT CAN FASHION AN INJUNCTION TO ENSURE THAT CCE WILL SUFFER NO IRREPARABLE HARM.

Attached hereto as Exhibit "A" is a Proposed Order granting injunctive relief in favor of Riverwood. The relief in this Order has been carefully crafted by Riverwood, during and after discussions with counsel for CCE. Riverwood has sought to propose a form of relief in keeping with the Court's broad discretion to fashion an equitable remedy that addresses Riverwood's irreparable harm, while limiting the ill effects to the industry. Riverwood has received assurances from CCE that the proposed injunction addresses CCE's concerns that it would suffer irreparable harm from the entry of an injunction and, as a result, CCE will not argue irreparable harm or balance of hardships.⁵

Riverwood proposes relief that allows the companies currently purchasing infringing products from Mead to continue with such purchases until such time as Riverwood is able to supply those companies with its own Fridge Vendor cartons and

⁵ Riverwood notes, however, that CCE has not consented to the proposed order.

Riverwood machinery on which the product can be run. The proposed order would further permit Mead to continue supplying infringing cartons to the extent that Riverwood was unable to at its own risk.

The proposed Order effectively precludes any disruption in the marketplace of Fridge Pack supply. It also allows Mead to enjoy (at its own risk of infringement damages) an orderly ramp down in supplying infringing Fridge Master cartons.

There is ample authority for this Court as a court in equity to fashion injunctive relief carefully tailored to the rights of the parties, relief that protects the plaintiff against irreparable harm but that also avoids unnecessary harm. For example, in *Bowles v. Skaggs*, 151 F.2d 817, 820 (6th Cir. 1945), the Court stated:

It is undoubtedly within the power of equity court to mould their remedies to the needs of particular situations. . . . Injunctions are, of course, most commonly prohibitory, and such injunctions operate *in futuro*, but equity courts have, from early times, when equitable considerations have required the restoration of the status quo, issued mandatory injunctions or granted other affirmative relief responsive to the needs of the parties invoking equity. Certainly, the public interest involved does not compel a limitation upon the normal and historical power of equity. [citations omitted]

See also *Collum v. Edwards*, 578 F.2d 110, 113 (5th Cir. 1978) ("[T]he Trial Judge made a fair and adequate accommodation of the interests of all the parties which they willingly accepted. The

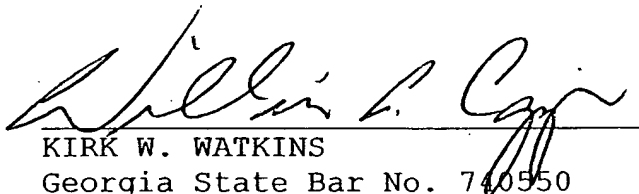
Judge's actions throughout the suit, far from being an abuse of discretion, demonstrated the flexible strength of equitable remedies appropriately utilized."); *Lewis v. Kugler*, 446 F.2d 1343, 1351 (3rd Cir. 1971) (even observers and special masters can be appointed); *Young v. Pierce*, 685 F. Supp. 975, 983 (E.D. Tex. 1988) ("[T]he court is faced with the defendant's proven liability and the plaintiffs' proven injuries. It cannot evade its obligation to devise, and to undertake, an interim plan that appears to be most practical, according to the facts presented.").

V. CONCLUSION.

In view of the foregoing, Riverwood respectfully prays that the Court schedule an evidentiary hearing on its motion for preliminary injunction in an expeditious manner and that the Court enjoin Mead from infringing the '736 patent.

Respectfully submitted, this 29th day of August, 2003.

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